

INSURANCE INTELLIGENCE
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INSURANCE INTELLIGENCE
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FILE

Original memorandum with attach-
ment returned to Mr. [illegible] on
3/1/44.



OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

SECRET

28 February 1944

MEMORANDUM

TO: General W. J. Donovan

FROM: Major John J. McDonough, AUS, I-2 Branch

SUBJECT: Insurance Intelligence Project

On January 3, 1943 you approved the Insurance Intelligence Project which was established at that time under the S. I. Branch. Since that time the functions of the project have been transferred to the I-2 Branch.

Funds for the project were approved for the calendar year 1943. Total amount approved was \$284,420. The project has continued in operation since December 31, 1943 without confirmatory approval by the Director.

The project has been budgeted for the fiscal year 1945 which begins July 1, 1944 in the annual budget estimates for the I-2 Branch for the fiscal year 1945. This leaves the period January 1, 1944 to June 30, 1944, not having been provided for as to funds. In this connection it is requested that the following recommendations be approved by you for operation of the project for the period January 1 to June 30, 1944:

1. That the project as originally approved by you be extended for the period January 1 to June 30, 1944.
2. That exception be given to General Order No. 14 in order that Lt. Irvine, Chief of the Project, be authorized to certify all expenditures for the project.
3. That \$15,000 per month be the maximum amount to be expended in any one month unless specific authorization is given by the Chief of I-2 Branch to exceed this amount and then, only should a specific circumstance occur which would warrant an expenditure above this amount.

A photostat copy of the project as approved by you is attached herewith for your guidance in determining necessary action.

If you concur in the above recommendation will you please forward the necessary authorization to the Chief of the Special Funds Branch.

John J. McDonough

Insurance Men - China, India, Middle East
 X 10105, 641122

5-29-43
 Showed them
 information Major Jones
 in New York
 L.G.

OFFICE OF STRATEGIC SERVICES
 WASHINGTON, D. C.

SECRET

May 28, 1943

TO: Brigadier-General Donovan

FROM: Major Harold Jones

SUBJECT: Insurance Men - China, India, the Middle East,
 and Sweden

1. CHINA

The three men arrived in Chungking several days ago. They went from Calcutta to Chungking on their own power. Their present instructions are to sit tight and reestablish their insurance business. Two of them can and will go to Shanghai and get some of their agents working when you give the word. Is the situation such that I can give them the green light?

I am
 looking
 this up
 with
 Stollard

2. INDIA

"Bert" returned from South America when summoned. He set up several branch insurance agencies in India in 1939, all staffed by Indians. He is ready to go to India to open up these contacts whenever you are ready. What is the status on this situation?

More friends
 than
 5
 months

3. MIDDLE EAST

We have three men standing by to go to the Middle

Mich.
 Check
 this.

5-29-13

Major Jones received from the
State Department today the pass-
ports had been released by the
Department.

-2-

SECRET

East. [Their passports are frozen on some technicality although passage has been arranged.] *see note below.*

4. Captain Wentworth now in charge of the insurance unit has been following me about these matters and certain others. I am going up to New York tonight to straighten him out. I would appreciate any answer you might give me to the above questions.

5-29-43

Major Jones received word from the State Department today that the passports had been released and OK'd by the Department.

COPY

Intelligence Service (GIS) 11,659
Functions
KST
May 10, 1943
X Magruder, John

TO: Mr. Whitney Shepardson through
General Donovan

FROM: John Magruder, Brig. Gen.

SUBJECT: PW reports on West and Equatorial Africa

The memorandum of Mr. Bunche addressed to Capt. Chapin raises some points of concern to the Intelligence Service as a whole.

The mission of SI itself is at issue. There has never been a definition of the specific types of information required of SI. Directives from the JCS have never attempted to define the material we are expected to collect. Our present directive is predicated upon a state of war and respecting SI refers only to espionage in enemy occupied or controlled territory.

Since our activities are subject to the theater commanders, it follows that SI efforts will be channeled toward the collection of information directly affecting the military situation.

While the Intelligence Service as a whole is responsible, among other things, for obtaining information on which the plan and execute psychological warfare, this field is so broad that the several Branches could not be expected to concentrate to the same extent upon factors of a psychological character.

With this in mind, in transmitting guides to SI agents for the collection of PW material, it was enjoined that undue stress should not be placed upon the necessity for the collection of this type of information, certainly to the exclusion of other more important material.

This principle still holds.

Our agents in West and Equatorial Africa have little opportunity of obtaining combat information, but

-2-

their counter-espionage activities assume considerable importance. The latter become, perhaps, of primary importance. But these activities are operational and not informational as suggested in paragraph (6) of the memorandum.

I see nothing in the memorandum of Mr. Bunche not indicated in the guide transmitted several months ago. A request referring to specific items of information in this guide which assume importance from time to time might be a reasonable procedure. The weekly or bi-weekly reports mentioned in paragraph (1) would almost certainly demand the full time of our representatives and would not, from my point of view, be justified.

In conclusion, the stress ~~is~~ to be placed upon the collection of PW information by SI representatives will vary with their area of operations, but in no area should the responsibility for obtaining information directly bearing upon military operations be superseded by the collection of purely PW information.

John Magruder (signed)

c/o - R&A

CONFIDENTIAL

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

TO: General Donovan

FROM: Harold A. Jones, Major, USMOR.

SUBJECT: Bombing targets - British insurance files

DATE: May 7, 1945

1. One of the chief sources of bombing targets discovered by A-2 and G-2 in the United States are the insurance files of the American insurance companies relative to Japan and certain portions of China. Colonel Sharp of G-2 spent several months obtaining this data in New York.

2. I have been informed that while the British have combed their insurance files in London for this data relative to Europe, practically nothing has been done relative to the Far East and NEI.

3. In January I sent a cable to Maddox in London describing the problem and suggesting that he assist Brooks Park who was then in London to look over the situation and if feasible to have our people there obtain this material from the insurance company files.

4. Park reported that there was a large volume of such material but that no proper entree had been furnished by our office in London and there seemed to be an entire lack of interest about this source of material. He also reported that the British had men working on the European area but had entirely neglected the Far East area.

5. A-2 reports that they have considered sending a man to London to exploit this source of information but haven't gotten around to it. I have also received the same report from G-2. If we have men in London who know enough about the insurance business to know where to look for this material and who also know something about bombing target data, a despatch should be sent at once to obtain permission for and to search the insurance files of the Great Britain insurance business. It should yield a great deal more material than the very valuable material we got from the smaller American foreign insurance business.

H. A. J.

Copy to
Capt. Wentworth, N.Y.

CONFIDENTIAL

Insurance Intelligence Unit
Liberalism
Thompson

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

May 5, 1943

TO: General Donovan
FROM: Major Harold Jones
SUBJECT: Insurance Intelligence Unit - Two men for
the Iberian Peninsula

1. A complete Plans and Progress Report was submitted by me to Mr. Delaney, acting head of the CI Branch, on about April 15th. This report gave all details of pay arrangements, transportation, passports, communications, etc. relative to these two men and all other men going abroad for the insurance division.

2. Gregory Thomas was personally informed by me about these two men, pay arrangements, etc.

3. A copy of the Plans and Progress Report above mentioned is being furnished Mr. Shepardon. This will give him complete details about all men going into the field.

4. The men above mentioned have also talked to the Desk Heads in person.

Insane Intl. UNIT 9221
FBI
Latin America

2478
2479

CONFIDENTIAL

THE UNIVERSITY OF CHICAGO PRESS

19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044 1045 1046 1047 1048 1049 1

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[illegible]

OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

DATE
FROM

TO (FOR ACTION)

FOR MAJOR BRUCE ONLY

TO (FOR INFORMATION)

TEXT

PAGE TWO

I ATTACH VERBATIM EXCERPTS FROM THE FIRST MEETING OF THE INSURANCE
AGENTS PEOPLE, WHICH INCLUDED THE HEADS OF ALL THE BIG AMERICAN
INTERNATIONAL INSURANCE COMPANIES. EVERY INSURANCE MAN THAT I HAVE
DEALT WITH IN NEW YORK WILL VERIFY THIS AS WILL ALSO COLONEL THOMP,
MR. HALE OF THE INSURANCE DEPARTMENT OF THE NAVY, COLONEL VILLI,
INSURANCE DEPARTMENT OF SOG, ROSENWILD, NEW, AND WELGER, INSURANCE
UNIT, STATE DEPARTMENT. I HAVE HAD COMPLETE AND FRANK DISCUSSION
WITH ALL THESE DEPARTMENTS AND THEY ALL SEEMED HIGHLY PLEASED AND
SATISFIED WITH THE PLAN. FBI IS THE ONLY AGENCY WHICH HAS DEMON-
STRATED NO INCLINATION TO TAKE IT OVER AND ACCORDING TO CUNNINGHAM REPLIED
TO TALK ABOUT IT. FROM TANK'S ATTITUDE I THINK CUNNINGHAM WAS TELLING
THE TRUTH, ALTHOUGH AS I SAID BEFORE CUNNINGHAM DID SAY THAT HOOVER WAS
PERFECTLY AGREEABLE TO HAVING TWO OUTPOSTS IN LATIN AMERICA
JUST SO WE TOLD FBI WHO THEY WERE.

HAROLD A. JONES

END OF PAGE TWO

Exhibit 4

OFFICE OF STRATEGIC SERVICES OFFICIAL DISPATCH

TO: THE INFORMATION

FROM: THE DIRECTOR

MAJOR JONES CONTINUED BY SAYING THAT HE DOESN'T WANT TO GET INTO ANY JURISDICTIONAL DISAGREEMENT WITH ANY DEPARTMENT OF THE GOVERNMENT. THE INSURANCE INTELLIGENCE UNIT HAS A DEAL WORKING, IT IS TWO MEN IN TWO KEY CITIES, LAZARUS AND SANTIAGO, AND THEIR JOB WHEN THERE WILL BE TO GET INFORMATION ABOUT THE AXIS AND ABOUT OCCUPIED TERRITORIES OCCUPIED BY AXIS. IT WILL NOT BE TO ENGAGE IN COUNTER-ESPIONAGE IN SOUTH AMERICA. IT WILL NOT BE TO ENGAGE IN GENERAL INTELLIGENCE WORK IN SOUTH AMERICA OR POLITICAL INTELLIGENCE WORK IN SOUTH AMERICA. IT IS AN OUTPOST AND IT IS HERE THAT THERE WILL COME IN THERE INFORMATION ABOUT THE AXIS AND ABOUT AXIS OCCUPIED TERRITORIES, AND THAT IS THE JOB THESE MEN WHEN THERE WILL HAVE, TO COLLECT IT. NOW IF THE FBI OR THE ROOSEVELL GROUP SHOULD REQUEST OUR PEOPLE IN THOSE LOCALITIES TO GET INFORMATION RELATIVE TO COUNTER-ESPIONAGE, COUNTER-INTELLIGENCE OR POLITICAL OR ECONOMIC INTELLIGENCE IN LATIN AMERICA, IT IS GOING TO BE UP TO US TO INSTRUCT INSURANCE EMPLOYEES THERE TO GET IT FOR THEM, FOR THEIR USE BUT NOT FOR US. WE WILL COOPERATE AND HELP IN ANY WAY THAT WE CAN. OUR MEN WILL BE BOUND TO BE KNOWN TO FBI. IT IS OUR INTENTION TO USE THE FBI PLUGH AND COMMUNICATION FACILITIES. THE FBI HAS BEEN GIVEN A COPY OF OUR PLAN. PRESUMABLY DIRECTOR HAS BEEN KEPT ALL ABOUT SUCH PLAN.

MR. STARR RECOMMENDED NUMBER 1. MODEL.

MAJOR JONES AGREED AS TO DUBOIS AND SUGGESTED HE GO TO THE U.S. DEPARTMENT OF COMMERCE IN CHIEF. HE SAID FURTHER THAT IF THE TIME EVER CAME WHEN FBI OR ROOSEVELL GROUP SHOULD REQUEST THAT WE GET OUR COVERAGE, IT MAY BE THAT A MAN LIKE DUBOIS CAN HAVE MORE OF A SAYING COMMISSION. BUT AT PRESENT HE MUST BE CONFINED TO SANTIAGO. MAJOR JONES SAID THAT HE WAS NOT IN A POSITION TO GO TO THE U.S. DEPARTMENT OF COMMERCE IN THEIR EXCLUSIVE TERRITORY, AND THAT HE REQUEST A SAYING COMMISSION, BUT THAT FOR THE PRESENT DUBOIS WILL BE A GOOD JOB IN SANTIAGO.

END OF PAGE THREE

E. H. T. 3

OFFICE OF STRATEGIC SERVICES

(OFFICIAL DISPATCH)

DATE
FROM

TO (FOR ACTION)

FOR MAJOR DAVID BRUCE ONLY ONE WASHINGTON DC

TO (FOR INFORMATION)

PAGE FOUR- "URGENT-CONTINUED"

"MR. STARR INQUIRED AS TO WHETHER FBI WOULD CONSIDER THE UNIT'S HEADQUARTERS TO VENEZUELA, SAYING THAT THE WHOLE ECONOMY OF THE COUNTRY WAS IN THE HANDS OF TWO FAMILIES WHO ARE ENTIRELY GERMAN AND WHO HAVE CLOSE CONNECTIONS IN GERMANY, THE ZOHNG FAMILY AND THE BLUM FAMILY. THESE TWO FAMILIES ARE ON THE UNITED STATES' BLACKLIST BUT NOT ON ANY VENEZUELA BLACKLIST."

"MAJOR JONES REITERATED THAT INDI HAS SOUTH AMERICAN TERRITORY EXCLUSIVELY, SAYING THAT THE INSURANCE INTELLIGENCE UNIT STANDS PERFECTLY READY ANY TIME THE FBI ASKS TO SEND A MAN TO VENEZUELA, BUT HE CANNOT GO TO THEM AND ASK FOR PERMISSION TO SEND A MAN THERE. MAJOR JONES ADMITTED THAT HE COULD DO A GOOD JOB FOR FBI THERE AND DO HIMSELF SOME GOOD AT THE SAME TIME. HE SAID THAT HE DIDN'T WANT TO GET INTO JURISDICTIONAL SQUABBLING AND FIGHTS. MAJOR JONES SAID THAT HE HOPED THAT EVENTUALLY FBI AND HE WOULD COOPERATE 100 PER CENT, AND THAT IF SOMEONE WAS OUT BY THE UNIT, HE COULD DO ALL FBI WORK AND THE UNIT'S AT THE SAME TIME AND FURNISH FBI WITH ALL REPORTS, AND VICE VERSA, BUT THAT FBI WOULD HAVE TO REQUEST IT."

END OF PAGE FOUR AND MESSAGE

TCN 222 PM DMI

Ins. Intell. Unit 9221
AFSI
South America

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

December 10, 1942

MEMORANDUM

FOR: Major Jones and Mr. Cuneo

FROM: William J. Donovan

Will you please see Mr. Hoover, present the Insurance Plan for the use of two bases in South America, Buenos Aires and Santiago, where we would like to have people receive the information coming through those bases as the result of the Insurance Plan. Please make clear that we do not desire to engage in any "operations" in South America but only ask for permission to have the people we would send to the two places mentioned receive the information which will come through those bases.

WJD

December 10, 1942

MEMORANDUM

FOR: Major Jones and Mr. Cuneo

FROM: William J. Donovan

J. Edgar Hoover

Will you please see Mr. Hoover, present the Insurance Plan for the use of two bases in South America, Buenos Aires and Santiago, where we would like to have people receive the information coming through those bases as the result of the Insurance Plan. Please make clear that we do not desire to engage in any "operations" in South America but only ask for permission to have the people we would send to the two places mentioned receive the information which will come through those bases.

November 4, 1943

Mr. J. Edgar Hoover
Federal Bureau of Investigation
Department of Justice
Washington, D. C.

Dear Edgar:

The Joint Chiefs of Staff, as you know, have issued a directive permitting us to establish operations in various parts of the world other than this Hemisphere.

In order that you may be fully advised of the manner in which we would like to proceed, Mr. George Gordon (under whose direction this operation will be conducted) and Mr. Ernest Cuneo on our behalf will explain to you the means we would like to employ.

As will be made clear to you, we wish to obtain sound strategic information concerning the enemy through a general insurance agency set up by certain insurance companies with branches in Switzerland, Sweden, Spain and Latin America.

There would be made available to you from information obtained through International Insurance Business sources such information as would be of value in your work in this Hemisphere. Our study of the problem leads us to believe that such information would equip you to cut off credit in Latin America and the United States now established by Axis representatives through insurance business used by them to pay Axis agents in Latin America and the United States for the subversive activities. I hope that we may be able to work out a plan that would be acceptable to us both and that together we would be able to contribute something of value to the war effort.

Sincerely,

William J. Donovan
Director

Insurance Intelligence Unit 920
X Plan
X Internal Mail
X Enemy
X Intelligence
OFFICE OF STRATEGIC SERVICES

SECRET

INTEROFFICE MEMO

TO: Colonel Donovan
FROM: Secretariat
SUBJECT: Insurance Intelligence Unit

DATE: December 8, 1942

Attached hereto are the original and three copies of the proposed directive which will create the Insurance Intelligence Unit of OSS. It has been re-written to conform with the changes suggested by you this morning.

For your information, there is also attached hereto a copy of the letter dated November 4, 1942, from you to Mr. J. Edgar Hoover in connection with this matter.

We are in the process of revising the plan underlying the attached directive in order to make it conform to the changes. It will be submitted for your consideration and approval as soon as the revision is complete.

EJP
E.J.P., Jr.

Attachments

Insurance Intelligence Unit
Plan
International
ZETA

SECRET

MEMORANDUM

December 8, 1944

To: Major David H. M. Bruce,
Director of B.I.

From: Director of Strategic Services

Subject: Creation of Insurance Intelligence Unit

I. The Director of B.I. shall establish an Insurance Intelligence Unit. Its object will be to obtain, through international insurance business sources, psychological warfare information concerning the enemy.

II. The Insurance Intelligence Unit will operate from headquarters in New York and will be headed by a staff member of the Office of Strategic Services. Under him, in an advisory capacity, will be well known insurance men particularly qualified for particular fields in international insurance business.

III. American insurance companies now established in the international insurance business will be asked to collaborate with me to assist the Insurance Intelligence Unit in obtaining

SECRET

psychological warfare information from enemy or enemy controlled countries through insurance sources based in Switzerland, Sweden, Turkey, Spain, and Latin America. Representatives of the Insurance Intelligence Unit will be attached to the principal offices of the insurance companies in New York and such bases as may be established in neutral countries for the collection in enemy or enemy controlled countries of information required for the execution of psychological warfare. Their duties will be to receive and dispatch all information received in the international insurance business to the Office of Strategic Services.

IV. A representative in London will endeavor to obtain information of like nature from British sources, and to assist the representatives of the Insurance Intelligence Unit operating in Sweden, Switzerland, Spain, and Turkey.

(sgr)

William J. Purnell
Director

Revised copy

Insurance Intelligence Unit 9220

X Plan
X International
X Enemy
X Intelligence

OFFICE OF STRATEGIC SERVICES

SECRET

INTEROFFICE MEMO

TO: Colonel William J. Donovan

DATE: Nov. 23, 1942

FROM: Major Harold Jones

H. J.

SUBJECT: Insurance Intelligence Unit

I am enclosing herewith, for your files, a copy of "A Plan to Obtain Information About the Enemy Through the International Insurance Business."

SECRET

Director of Strategic Services

George K. Jordan

**A Plan to Obtain Information
About the Enemy Through the
International Insurance Business**

SUMMARY OF THE PLAN

I. The Director of S.I. shall establish an insurance intelligence unit. Its object will be to obtain information about the enemy, of strategic value, through international insurance business sources.

II. The Insurance Unit will operate from headquarters in New York and will be headed by a staff member of the Office of Strategic Services. Under him, in an advisory capacity, will be well known insurance men particularly qualified for particular fields in international insurance business.

III. American insurance companies now established in the international insurance business shall collaborate and assist the Insurance Unit in obtaining information through insurance sources in Switzerland, Sweden, Turkey, Spain, and Latin America. Representatives of the insurance

Only will be attached in the central office of the insurance companies in New York and, where possible, claim representatives will be attached to the local offices of the companies in Switzerland, Sweden, Norway, Spain, and Latin America. These offices will be to receive and disburse all information received via the international insurance business to the Office of Strategic Services.

IV. A representative in London will endeavor to obtain information of like nature from British sources, and to obtain the representation of the insurance companies operating in Sweden, Switzerland, Spain, and Norway.

FOUNDED

I. The Present Situation

For the past ten years, the Axis have been obtaining military, strategic and economic information from the Allied Nations through Axis controlled insurance companies.

Axis owned companies are scattered strategically throughout Europe, Asia, and Latin America and have been dispatching all information received to Berlin and Tokyo directly or indirectly via Switzerland and Sweden.

Examples:

In 1938 the Swiss Reinsurance Co. of Zurich requested and secured from the National Board of Fire Underwriters reports on the chief American cities. The N.B.U.F. furnished the Swiss with detailed maps of the cities of Washington, San Francisco, etc., showing chief water supplies, location of fire fighting equipment, pumping stations, with complete maps, diagrams and details and comments on the vulnerability of the water and fire fighting systems. The Swiss Reinsurance Co. is dominated by Axis insurance companies.

In November 1941 the Marine Office of America and the Firemen of Newark collected heavy reimbursement from the Swiss and General and other Swiss and Continental companies on the huge loss of the Defense Supplies Corporation, caused by the burning of the Firestone Tire & Rubber plant. As part of the loss report, the price of rubber, the effect on the remaining supplies and other vital data about the Defense Supplies Corporation was given the reinsurer in Switzerland.

The United States should engage in international intelligence. By so doing, valuable strategic information relative to the neutral countries and Italy (Germany and Japan will not permit any direct information to go to underwriters) may be obtained, and very valuable indirect information may be obtained relative to Japan and Germany. Example:

Through this source, it was recently discovered that Spain, through German help, was building state oil refineries at strategic locations in Spain and then converting their crude to high octane gas by using equipment formerly at the Spanish Canary Islands plant which we thought was sterilized by the United States having cut off its crude supply.

Several groups of American insurance companies are now actively engaged in the international insurance business, but the information now in their files has not been utilized to any great extent, nor have there been any great effort to use this source as a means of obtaining new information about the enemy, or to prevent the Axis from obtaining information or establishing credits for subversive activities.

2. Objectives of the Plan

- (a) The chief objective of the plan is to obtain insurance information of strategic value, in the same manner and using more or less the same method as the Axis.
- (b) Secondary objectives would be to prevent the Axis

from obtaining information which it is receiving, and to deprive it of credits and payments now used for subversive activities.

The Plan

(a) **The American International Insurance Commission.** The two principal groups of American insurance companies now doing business in the foreign field are:

The American International Underwriters, which acts as general agent for a number of large American insurance companies in the foreign field with branch offices at Havana, Bogota, Caracas and Buenos Aires.

American Foreign Insurance Association, which represents approximately eighteen of the larger American insurance companies, with offices throughout Latin America and one or two in Europe.

An effort will be made to obtain information from all American (non insurance) companies and insurance brokers operating or doing business in the international insurance field.

(b) **The Head Office and Staff.** The head office of the Insurance Unit will be located in the down town insurance district in New York. Its staff will be as follows:

Director
2 Assistant Directors
General Counsel and Secretary
Assistant Counsel

The New York head office of the Unit will establish liaison with both the Washington and New York offices of

CRB

It will also establish and maintain liaison with the interested agencies of the government.

(d) Field Organization. It is proposed to divide the field work into three classifications, - i.e. Latin American, New York and Special Activities. Each one of these classifications will be headed by an insurance man particularly qualified in the service of OSS.

The New York Division will devote its efforts chiefly to indexing, classifying, making available and utilizing information now in the possession of these insurance groups.

The Latin American Division is not interested in Latin American information as such. It is interested in and shall try to collect information about the enemy in Europe, Asia and Africa from or through the branch offices of the American insurance companies in Latin America. Conversely, it shall try to prevent information about the Allied Nations going to Berlin and Tokyo via Axis dominated insurance companies operating in the western hemisphere.

The Latin American Division shall establish and maintain close liaison with F.B.I. in this field.

The Special Activities Division shall engage in special projects, such as the establishment of branch offices in Spain and Turkey and establishing our representatives,

under insurance cover, in Switzerland and Sweden.

While it is proposed to use the assets and facilities of the "cover" of the American insurance companies already engaged in the foreign field, situations will arise where such companies are not so engaged or may not be used. In such instances an alternative will be found to work out with the insurance companies in other countries to fit the occasion.

If the plan is put into operation, the following results will be as follows:

1. New York. There is now contained in the files of the American insurance companies doing international business a large amount of information obtained from Europe, Asia, Africa, and Latin America, considerable of which should be of strategic value. The Army has already obtained very valuable information pertaining to Germany largely from this source. All this material should be carefully checked, analyzed, evaluated and catalogued and a system set up whereby new material coming in and picked up in the field by our field representatives would be examined and summarized, if relevant.

2. London. Our insurance field representatives in London will work directly out of our London office. If an

understanding can be reached with the British Insurance companies, London should be a main line of information, much of which is not now being obtained by the British Services.

A representative of the Office of Strategic Services, as the branch manager or representative of the American companies in Switzerland and Sweden should be able to obtain information directly or indirectly relevant to "risks" submitted to the Swiss and Swedish Insurance group for reinsurance on property, ships and cargoes in neutral and occupied Europe.

Summary of the information believed available is as follows:

Fire Insurance

- (a) Plans and diagrams showing location of buildings and property insured.
- (b) Type of construction of buildings.
- (c) Protective facilities against fire.
- (d) Nature of manufacture in each section of the plant.
- (e) Hazards of materials used.
- (f) Periodical reports of the amount of goods manufactured.

Marine Insurance (Ships and cargo)

- (a) Name of vessel.

- (b) Route.
- (4) Approximate shipping date.
- (4) Destination.
- (e) Nature of cargo.
- (x) Value of cargo.

3. Inland Marine Insurance.

- (a) Nature of cargo.
- (b) Reports of values at plants.
- (c) Reports of values at warehouses awaiting trans-shipment and export.

4. Use and Ownership Insurance.

- (a) Detailed description of plants, factories, subsidiaries, etc.
- (b) Location of plants.
- (c) Goods on hand, concentration of values, information as to slack and peak periods, etc.
- (d) Amount of goods produced at each location.
- (e) Information as to which plant makes key material in manufacturing so that its loss would tie up other plants.
- (f) Replaceability of property and machinery.
- (g) Distribution centers of finished product.

5. Casualty Insurance.

- (a) Location of plant.
- (b) Description of risk of employment.
- (c) Number of employees, etc.

The Office of Strategic Services' representative, as the office manager of a "branch" office of an insurance company in Spain, should have access to the information on all risks submitted to that agency for reinsurance in Spain, Portugal and countries now within the sphere of Spain's economic influence. Information from the office in Spain now maintained by the American Foreign Insurance Association will be available.

We have been informed that certain Spanish companies now do considerable reinsurance business for Italian business concerns and that, so far, the Italians have sent along the information as a matter of business routine.

The OSS representative acting as branch manager or agent for an insurance company in Turkey would have access to information relative to the entire Middle East.

3. Latin America. The Insurance Unit should obtain the very considerable amount of information now passing through the offices of the American companies now doing business in Latin America.

Set-up and Costs

Attached hereto is an estimation of the cost of setting up and maintaining the Unit for its first fiscal year:

Submitted:

/s/ George N. Bowden
George N. Bowden

Approved:

/s/ David E. Bruce
David E. Bruce
Director of S.I.

Approved:

/s/ William J. Donovan
William J. Donovan
Director, Office of
Strategic Services.

1012 04/02/81 10:12 AM

THE UNIVERSITY OF CHICAGO

SECRET

UNITED STATES DEPARTMENT OF AGRICULTURE

4-11-68

Director
Assistant Director
Assistant Director
Council & Secretaries
Assistant Council
Pr. Administrative Asst.
Secretary
Secretary
Clerk
Asst. Clerk and Typist

[illegible]

2. What are the

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Home, Furniture, ... Original & ...

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1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

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Special Activities
(3 representatives)

Cable and Telegram

Entertainment (Foreign)

Travel

Other

RECAPITULATION

New York Office

Foreign Office

Teletype

Cable and Telegram

Entertainment (Foreign)

Travel

Other

Total

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Insurance Intelligence Unit 9220
~~X Enemy~~
~~X International~~
~~X Intelligence~~
 OFFICE OF STRATEGIC SERVICES
 INTEROFFICE MEMO

TO: Director of Strategic Services

DATE: Nov. 2, 1942

FROM: George K. Bowden

SUBJECT: A plan to obtain information about
 the enemy through the International
 Insurance Business

SUMMARY OF THE PLAN

I. The Director of S.I. shall establish an insurance intelligence unit. Its object will be to obtain information about the enemy, of strategic value, through international insurance business sources. The corollary of its object will be to prevent the Axis from obtaining information which it is now receiving through this source, ^{if the information thus obtained} and out off credit, in Latin America and the United States, now established by the Axis through insurance business and used to pay Axis agents in Latin America and the United States for their subversive activities.

II. American insurance companies ^{will} collaborate and assist the Insurance Unit by establishing a general agency representing these companies, to do business in Switzerland, Sweden, Spain, ^{and Latin America.}

III. Representatives of the Insurance Unit will be attached to the central office of the general insurance agency in New York, and field representatives will be attached to the branch offices of the agency in Switzerland, Sweden, Spain and

*if the information thus obtained
 is not
 available
 to the
 S.I. S
 it would
 be possible*

~~Latin America~~. Their duties will be to receive and dispatch
all information received via the international insurance
business to the Office of Strategic Services.

S K B

-2-

FOREWORD1 - The Present Situation:

For the past ten years, the Axis have been obtaining military, strategic and economic information about the Allied Nations through Axis dominated insurance companies. It is a practice in the insurance business for the insurance company accepting a direct insurance contract to reinsure its liability with a group of insurance brokers engaged in the international reinsurance business.

This reinsurance business is usually done through the medium of a "pool". Other than Lloyd's of London, the chief reinsurance "pools" have operated from Zurich, Switzerland, and Stockholm, Sweden.

Very little reinsurance business has been done by the American companies but, instead, these companies have placed their reinsurance either in London, Zurich or Stockholm. As a matter of business practice, the reinsurance "pool" has demanded information about the risk assumed and the insurance company making the original contract has forwarded to the reinsurance "pool" all, or most, of the information it received from the insured. Both the Swiss and the Swedish "pools" have been dominated by Axis controlled reinsurance companies. Thus, for many years past, all information relative to insured companies forwarded to these insurance pools has been available to the Axis.

-3-

Examples:

In 1941, the reinsurance of the new locks for the Panama Canal was placed with the Tokyo Fire & Marine Insurance Co. and Meiji Fire Insurance Co. by Balfour-Guthrie Co. of San Francisco and London. In connection with this insurance, there was forwarded to Tokyo a detailed description of the locks, all machinery in connection therewith, exact location, etc.

In 1938, the Swiss Reinsurance Co. of Zurich requested and secured from the National Board of Fire Underwriters reports on the chief American cities. M.B.F. furnished the Swiss with detailed maps of the cities of Washington, San Francisco, etc., showing chief water supplies, location of fire fighting equipment, pumping stations, with complete maps, diagrams and details and comments on the vulnerability of the water and fire fighting systems. The Swiss Reinsurance Company is dominated by Axis insurance companies.

As recent as one month ago, the Censorship Office seized complete plans of the Sperry Gyroscopic Compass plant. Insurance on this equipment had been taken by the Firemans Insurance Company (which is of a group refinanced by the R.F.C.) and reinsurance had been placed with the Switzerland General Insurance Company, an Axis dominated insurance company. The plans were being sent as a routine matter to Zurich.

In November 1941, the Marine Office of America and the Firemans of Newark collected heavy reinsurance from the Switzerland General and other Swiss and Continental companies on the huge loss of the Defense Supplies Corporation, caused by the burning of the Firestone Tire & Rubber plant. As part of the loss report, the price of rubber, the effect on the remaining supplies and other vital data about the Defense Supplies Corporation was given the reinsurer.

-4-

The United States should engage in international insurance intelligence. By so doing, valuable strategic information relative to the neutral countries and Italy (Germany and Japan will not permit any direct information to go to underwriters) may be obtained, and very valuable indirect information may be obtained relative to Japan and Germany. Example:

Through this source, it was recently discovered that Spain, through German help, was building state oil refineries at strategic locations in Spain and then converting their crude to high octane gas by using equipment formerly at the Spanish Canary Islands plant which we thought was sterilized by the United States having cut off its crude supply.

Axis dominated insurance companies have built up very large reserves in dollar credits and Latin American credits in Latin America. These funds are currently used to finance the subversive activities of the Axis in Latin America and the United States. Depriving the Axis of its Latin American insurance business will also deprive it of its chief source for the payment of subversive activities in the Americas.

2 - Objectives of the Plan:

- (a) The chief objective of the plan is to obtain insurance information of strategic value, in the same

-5-

manner and using more or less the same method as the Axis.

(b) Secondary objectives would be to prevent the Axis from obtaining information which it is receiving, and to deprive it of credits and revenue now used for subversive activities.

3 - The Plan:

It is proposed to establish in S.I. of the Office of Strategic Services a unit to be known as the "Insurance Unit." This unit, working in collaboration with American insurance companies, will assist in the organizing of a general agency to represent participating insurance companies in the international reinsurance business. The "general agency" will have its head office in New York City. It proposes to (a) join the Swiss "pool" of international reinsurance brokers at Zurich; and (b) the Swedish "pool" of international reinsurance brokers at Stockholm; and (c) to enter the reinsurance business in Latin America, with branch offices in Mexico, Chile and Argentina.

Parallel to this American "general agency", it is proposed to assist and collaborate with Latin American general agency now controlled and dominated by the Metropolitan Insurance Company of Cuba, a company in turn

-6-

controlled by the Rhode Island Insurance Company and managed by Senor Enrique Godoy, who is believed to be trustworthy and friendly to the Allied Nations.

This Cuban agency, representing the Metropolitana and other Latin American insurance companies, proposes to establish a branch office in Spain and branch offices in Mexico, Chile and Argentina, to engage in the business of insurance and reinsurance in Spain and South European countries within Spain's sphere of economic influence, and in Latin America.

It is proposed to attach a representative of the Insurance Unit of S.I. to the head office of the general insurance agency above described and to attach a representative to each of the branch offices of the insurance agencies operating in Zurich, Stockholm and Latin America.

It is also proposed to attach a representative of the Insurance Unit of S.I. with the Latin American insurance agency in Havana, Cuba, and in Madrid, Spain. These representatives will be men already engaged in the insurance business and, ostensibly, they will be branch managers or assistant managers of the American agency and the Cuban agency. If put in operation, the results should be as follows:

-7-

(a) Europe:

The data relative to insurance risks submitted to the Swiss reinsurance "pool" is supposed to be available to all members of the Swiss "pool". A representative of the Office of Strategic Services, as the manager of the American member of the Swiss "pool", should be able to obtain information relative to "risks" submitted to the "pool" for reinsurance on property, ships and cargoes in Neutral Europe and Occupied Europe, such as the following:

Fire Insurance -

- (a) Plans and diagrams showing location of buildings and property insured.
- (b) Type of construction of buildings.
- (c) Protective facilities against fire.
- (d) Nature of manufacture in each section of the plant.
- (e) Hazards of materials used.
- (f) Periodical reports of the amount of goods manufactured.

Marine Insurance - (Hull and Cargo)

- (a) Name of vessel.
- (b) Route.
- (c) Sailing date.
- (d) Destination.
- (e) Nature of cargo.
- (f) Value of cargo.

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Inland Marine Insurance:

- (a) Nature of cargo.
- (b) Reports of values at plants.
- (c) Reports of values at warehouses awaiting transshipment and export.

Use and Occupancy Insurance:

- (a) Detailed description of plants, feeders, subsidiaries, etc.
- (b) Location of plants.
- (c) Goods on hand, concentrations of values, information as to slack and peak periods, etc.
- (d) Amount of goods produced at each location.
- (e) Information as to which plant makes key material in manufacturing so that its loss would tie up other plants.
- (f) Replaceability of property and machinery.
- (g) Distribution centers of finished product.

Casualty Insurance:

- (a) Location of plant.
- (b) Description of risk of employment.
- (c) Number of employees, etc.

A representative of the Office of Strategic Services, as the manager of the American member of the Swiss "pool" at Zurich, Switzerland, would be entitled to the same information already on file or currently received by the other members of the "pool", and there should be available

-9-

to the representative in Sweden the same information indicated above, relative to "risks" offered for re-insurance to the Swedish "pool". This would be of particular value in the case of marine insurance, the Swedish "pool"'s business being chiefly concerned with the reinsurance of hulls and cargoes plying between the Baltic ports.

The Office of Strategic Services' representative, as the office manager of the Latin American reinsurance agency established in Spain, should have access to the information on all risks submitted to the agency for re-insurance in Spain, Portugal and countries now within the sphere of Spain's economic influence. We have been informed that certain Spanish companies now do considerable reinsurance business for Italian business concerns and that, so far, the Italians have sent along the information as a matter of business routine. It may be noted that the Germans and the Japanese no longer forward such information, but merely make a general statement, usually of no particular strategic value, but information about companies in neighboring neutrals and occupied territories furnish valuable indirect information about both Japan and Germany.

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Incidentally, by reason of being in close business contact with the Swiss, Swedish and Spanish international insurance brokers and other members of the international "pools", the Office of Strategic Services' representative, as a member of the insurance "pool", should be able to obtain valuable information not contained in the insurance data submitted. This is particularly true of the Swiss and Swedish.

One reason why these international insurance brokers would be inclined to pass out information is that the United States now holds in the United States millions of dollars, representing the capital of branch offices of European insurance companies which are still doing business in this country. Switzerland, Sweden, Norway, France, Netherlands and practically all of the neutral, unoccupied European countries have branch insurance offices in the United States. The capital of these companies, by arrangement, is now held in trust, the trustees being the branch manager in America, the company's American bank, and the company's American attorney. Under this arrangement, these companies have been allowed to continue business and have built up enormous American dollar credits, much of which is subject to appropriation by the Alien Property Custodian if he so desires.

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Likewise, it is hoped that these international insurance brokers in Sweden, Spain and Switzerland still value the "good will" of the United States sufficiently to pass on information to the American member of the respective international insurance "pools".

(b) Latin America:

Many Latin American insurance companies, particularly those of Chile, Peru and Argentina, are Axis dominated or friendly to the Axis. Even when this is not the case, most of the insurance written, including marine, fire, use and occupancy, and casualty, has been reinsured in the Swiss reinsurance "pool", making the information available to the Axis.

The American insurance companies have not entered this field to any great extent, because of distrust of Latin American business practices and because the business did not seem sufficiently profitable.

If the proposed plan is put in operation, the new American general agency and the Cuban agency would enter the Latin American field, particularly the marine insurance field. It is hoped that a considerable part of the Latin American marine insurance will be placed with these agencies, thus preventing the information contained in the contracts and applications from going to the Axis

-12-

through Axis controlled insurance companies operating in Latin America via Switzerland.

The two agencies further propose to acquire the interest now held by the Axis in certain insurance companies in Mexico, Argentina, Chile and Peru. These companies have been feeding information directly to Wilhelmstrasse. The feeding of this information can be stopped and the information itself obtained for the Office of Strategic Services if the interest now held by the Axis is transferred to the American companies.

The Immediate Advantages of the Plan:

It is obvious that the immediate advantages of the plan would be to dispatch to Switzerland, Stockholm, Spain and Latin America, representatives to negotiate for and on behalf of the new agency, and the Cuban agency. In the course of the negotiations, much important and current information should be obtainable.

Set-Up and Costs:

(a) Local

The Insurance Unit should be administered by the Director of S.I. He should assign a regular member of his staff to take direct charge of the Unit. This Unit Chief should maintain his office in New York. In addition to this

-13-

Unit Chief there should be employed in New York:

Assistant Chief, Insurance Unit	<u>Yearly Salary</u> \$7,200.00
Secretary (Class CAF-5)	2,000.00

It is proposed that offices, etc., will be operated and maintained by the "Insurance Agency" at no expense to the Office of Strategic Services.

(b) Foreign

Representatives should be engaged for work in the field as follows:

<u>Country</u>	<u>Monthly Expense Accounts.</u>	<u>Yearly Salary</u>
Spain	\$300.00	\$7200.00
Switzerland	300.00	7200.00
Sweden	300.00	7200.00
Cuba	300.00	7200.00
Argentina	300.00	7200.00
Chile	300.00	7200.00
Mexico	300.00	7200.00

Offices, clerical help, etc. will be maintained by the Insurance Agency in these countries, at no cost to the Office of Strategic Services.

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Travel expense of any representatives to and from the respective countries and travel therein is to be paid by Office of Strategic Services via the "Insurance Agency".

It is requested that \$15,000. in discretionary funds will be allocated to the Director of the New York Office for use in furthering the plan and for contingencies.

Indemnities:

If and when the plan is put in operation, the "Insurance Agencies" may from time to time be confronted with losses and expenditures not justified by business risks. Examples:

- (a) Writing insurance at a loss to underbid the Axis.
- (b) Depositing money with foreign countries as a prerequisite to doing business.
- (c) Buying German owned stock in Latin American companies in order to deprive the Axis of control.

These matters can only be dealt with as the occasion arises.

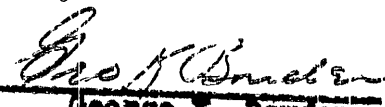
However, the companies have suggested that an arrangement be worked out whereby (a) the "Insurance Agency" hold and account for all profits from all sources;

-15-

(b) any venture of any magnitude which may occasion a loss to be first submitted to the Insurance Division for approval; (c) if the losses for the entire operation exceed profits, then Office of Strategic Services to assume them; but if profits exceed losses then they be turned over to Office of Strategic Services.

However, the working out of an indemnity agreement is not essential to the plan. The companies are willing to go ahead, working on a non-profit basis, but reserving the right not to take on a project which means certain loss.

Submitted:


George K. Bowden

Approved:

Allen W. Dulles,
Director, New York Office.

Approved:

Director, Office of
Strategic Services.

**INTERDEPARTMENTAL COMMITTEE FOR THE ACQUISITION
OF FOREIGN PUBLICATIONS**

**COORDINATOR OF INFORMATION BUILDINGS
WASHINGTON, D.C.**

September 26, 1948

TO: Colonel Donovan

FROM: Frederick G. Kilgour F.G.K.

Dear Colonel Donovan:

We are rather proud of our successes this week and I thought that you might be interested in them.

We received this week from four different European posts 46,000 pages of foreign publications and have distributed to 23 Government Agencies duplicates of 30,000 pages of foreign publications. Last week duplicates of 31,000 pages were distributed.

This is not our average production but rather the highest peak that we have obtained to date.

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

 JDC For. Pub. 8487
 X Foreign Publications
CONFIDENTIAL

TO: Brigadier General Donovan

FROM: Frederick G. Kilgour F.G.K.

SUBJECT: Interdepartmental Committee: Recent Activities

DATE: April 30, 1949

I am sending you this memorandum to give you a few glimpses of what we have been doing of late.

Our representative in Istanbul has just reported that he has been doing a variety of special microfilm jobs "which the Consulate and other Government authorities in this country request. Some of those jobs, Fred, have been extremely interesting and will serve to give you quite an earful when the war is over and we all get together again." We have been doing this same type of work in Stockholm, Lisbon, Cairo, and Chungking.

The following is a quotation from the same report from Istanbul. It contains information which may very well be of interest to you:

"As a matter of fact, Fred, I am continually astounded at the slap-dash way in which censorship is conducted by the Bulgars and Axis Authorities on the Bulgar frontier. I am living at present with Dr. Floyd Black, the President of the American College in Sofia, who was expelled from Bulgaria this winter. Scarcely an evening passes without our telephone ringing: "Sofia calling." And they all seem to say exactly what they want in English as well as in Bulgarian."

In the Justification which accompanied the Budget that we recently prepared requesting funds for the 1944 fiscal year I included a few items of intelligence that have come out of the material which we have been obtaining. This statement in the Justification follows:

"The complete details of the total reorganization of German industry last Spring with its concentration and centralization tendencies.

"The complete details of the total reorganization of German armaments and munitions industries at the end of November

2---Brigadier General Donovan, April 30, 1943

CONFIDENTIAL

and beginning of December, 1942.

"The complete details of the German labor mobilization of December, 1942, and January, 1943.

"The recent change in the nomenclature of German "Infantry Divisions" to "Grenadier Regiments." This piece of intelligence was acquired from the Committee's newspapers at a most opportune moment. Army publications containing instructions for obtaining combat intelligence from prisoners were just going to press for subsequent distribution in the field; and since prisoners would never have been taken from the Infantry, there would undoubtedly have been a good deal of confusion.

"The first confirmation of German submarine oil tankers, and the first picture of such a tanker refueling a submarine at sea.

"The first identification and description of the German Wirtschaft Commandos which are uniformed units of technical and economic specialists. These Wirtschaft Commandos operate behind the combat units and requisition supplies for the army, get manufacturing plants into operation, restore communications and transportation, etc.

"Valuable figures on the size and production of Spanish iron and steel foundries and the location of the foundries.

"The conversion by the Germans of captured Russian locomotives from wide-gauge to standard gauge.

"The discovery of the construction of drydocks in Varna, Bulgaria, an item of interest to bomb target people.

"The report of the discovery of 350,000,000 tons of new coal deposits in Jehol, China.

"The first printed description of the new two-man Italian assault boats designed to operate either on or below the surface to attach mines to ships at anchor.

"The first identification and description of portable flour mills which each German division on the Eastern Front now has. These little mills can rapidly grind grain into flour from which bread can be baked immediately. The entire process from the grain to the loaf requires only three hours.

"The important decree of December, 1942, by Reichminister Speer stating that all essential trucks and buses having a capacity of over one and a half tons and stationary engines of an appreciable consumption must be converted from fluid fuel to gas generators. The implications of this mass conversion are obvious."